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The **EQUITABLE LIFE** insurance company  
OF CANADA

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**56th Annual Report**

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**1975**

## DIRECTORS

H. E. POWER\*†, F.C.I.S.  
T. R. SUTTIE\*, F.I.A., F.C.I.A.  
W. J. MCGIBBON\*, Q.C.  
W. H. TIMMIS\*†

*Chairman of the Board*  
*President*  
*1st Vice-President*  
*2nd Vice-President*

J. C. BURT  
W. D. GOODMAN, Q.C.  
H. D. GREB\*  
J. G. HAGEY\*, LL.D.

J. M. HARPER†, Q.C.  
H. S. MORTON, O.B.E., F.R.C.S.  
J. G. WEBER†

\* Member of Executive Committee

† Member of Audit Committee

## HONORARY DIRECTORS

J. W. SCOTT

M. J. SMITH

C. N. WEBER

## OFFICERS

T. R. SUTTIE, F.I.A., F.C.I.A.  
G. R. BLAKE, F.L.M.I.  
D. L. MACLEOD  
H. I. MCINTOSH, F.S.A., F.C.I.A.  
R. A. SAUNDERS, F.S.A., F.C.I.A.  
W. H. WAHL, F.C.I.S., F.L.M.I.

*President*  
*Vice-President and Treasurer*  
*Vice-President, Marketing*  
*Vice-President and Actuary*  
*Vice-President and Comptroller*  
*Vice-President and Secretary*

G. L. BRUNT, C.L.U.  
B. V. DOUTHWAITE  
L. J. HAMEL, F.L.M.I.  
G. J. MELNIK, F.S.A., F.C.I.A.  
D. J. MULLIGAN  
R. NOBLE, A.A.C.I.  
W. H. PUGH, F.L.M.I.  
D. C. RAMSAY, F.L.M.I.  
D. G. SEEBACH, F.L.M.I.

*Regional Sales Director*  
*Senior Sales Director*  
*Investment Administrative Officer*  
*Group Actuary*  
*Employee Benefit Plans Sales Director*  
*Assistant Treasurer, Property Investments*  
*Assistant Secretary*  
*Systems and Planning Officer*  
*Marketing Services Director*

MCGIBBON, HARPER & HANEY  
P. G. SCHWAGER, M.D.

*Solicitors*  
*Medical Director*

# DIRECTORS' REPORT

TO THE POLICYOWNERS OF THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA

**NEW BUSINESS** — New records were again established in the volume of business written. The total of \$257,576,794 exceeded that for the previous year by 32%. Included in this total were individual life insurance sales of \$108,629,840, an increase of 16%; individual annuity sales of \$64,395,350, an increase of 106%; group sales of \$83,581,593 an increase of 19%. These new writings, together with increases in existing groups, brought the business in force to \$2,401,920,033.

**PREMIUM INCOME** — At \$26,524,982 the premium income exceeded that for the previous year by 35%. A major factor was the increase in the sales of both annual and single premium annuities.

**POLICY RESERVES** — These were calculated on the same basis as last year, except for annuity contracts effected during 1975 for which the reserves were computed using higher interest rates than those used for earlier issues in recognition of the high yield on the assets in which the premiums were invested.

The reserves include a Mortality Fluctuation Reserve of \$728,985 unchanged from the previous year.

**ASSETS** — In 1975 interest rates rose to a new high. As new funds became available they were invested at these exceptionally high rates; the average yield to maturity of bonds purchased throughout the year exceeded 11%. This high rate on new funds contributes to the increase in the average yield on the total funds which benefits the participating policyowners. However it had the immediate effect of reducing the market value of bonds purchased by the Company in earlier years when interest rates were lower, despite the fact that the income from such bonds and their maturity values are not affected in any way. As a result the book values of bonds and stocks as shown in the assets exceeded the maximum values allowed by the Canadian and British Insurance Companies Act by approximately \$2,458,000 using the averaging formula in Section 71(4) of the Act, or by approximately \$3,364,000 if this formula had not been used. Against this the Company carries an Investment Reserve of \$4,500,000.

**TAXATION** — A life insurance company is subject to tax under two parts of the Income Tax Act, Part I, which imposes a tax upon "income", in effect the earnings retained to add to the Unassigned Surplus for the additional security of policyowners, and Part XII which imposes a tax upon the investment income. The Part I "income" is calculated using rules different from those used in reporting to the Superintendent of Insurance and to the policyowners. Under these tax rules, a portion of the policyowners' dividends paid in 1974 could not be claimed as a deduction. We were able to carry this amount forward and claim the deduction in 1975 and as a result no tax is payable on 1975 earnings under Part I. The estimate of the investment tax under Part XII is \$375,000. This is included in the appropriate item under operating expenses.

**DIRECTORS** — We regret to report the death in 1975 of Mr. J. E. Motz, a member of the Board of Directors since 1961. His experience and unfailing support will be greatly missed.

**STAFF** — The Directors again wish to record their sincere appreciation to the Field and Head Office Staffs. The substantial increases in New Business are an indication of the skill and knowledge of the Field Force, while the efficient handling of the rapidly growing volume of business reflects credit on each member of the Head Office staff.

On behalf of the Board

H. E. POWER, *Chairman of the Board*  
T. R. SUTTIE, *President*



## OUR PROGRESS AT A GLANCE

|   | 1975           | 1974           | 1965          |
|---|----------------|----------------|---------------|
| New Business —  |                |                |               |
| Life and Annuity . . . . .  | \$ 257,576,794 | \$ 195,494,446 | \$ 52,745,289 |
| Business in Force —   |                |                |               |
| Life and Annuity . . . . .  | 2,401,920,033  | 2,000,301,346  | 628,060,367   |
| Income . . . . .  | 34,982,188     | 26,825,434     | 10,292,330    |
| Assets . . . . .  | 126,620,804    | 110,290,498    | 55,128,651    |
| Benefit Payments . . . . .  | 13,274,811     | 10,841,946     | 4,351,154     |
| Investment Reserve and<br>Unassigned Surplus . . . . .                    | 9,556,221      | 9,450,160      | 3,880,589     |
| Dividends to Policyowners . . . .   | 2,024,456      | 1,742,226      | 709,975       |
| Earned Interest Rate . . . . .  | 7.54%          | 7.24%          | 5.88%         |
| <i>(Net of investment expenses,<br/>but before investment income tax)</i> |                |                |               |

*The Equitable Life of Canada is a mutual company  
owned entirely by its participating policyowners.*

## AUDITORS' REPORT TO THE POLICYOWNERS

We have examined the statement of assets, liabilities and surplus of The Equitable Life Insurance Company of Canada as at December 31, 1975, and the summary of operations for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; the policy reserves were determined and certified by the Company's actuary.

In our opinion, based on our examination and the certificate of the Company's actuary, the accompanying statement of assets, liabilities and surplus and the related summary of operations present fairly the financial position of the Company as at December 31, 1975, and the results of its operations for the year ended on that date in accordance with accounting practices prescribed or permitted by the Department of Insurance, Canada.

Kitchener, Ontario  
January 21st, 1976

CLARKSON, GORDON & CO.,  
*Chartered Accountants*

## ACTUARY'S CERTIFICATE

The Policy Reserves of \$101,606,099 shown in the statement of assets, liabilities and surplus at December 31, 1975, are in excess of the reserves required by Section 82 of the Canadian and British Insurance Companies Act, and, in my opinion, make a good and sufficient provision for all unmatured obligations of the Company guaranteed under the terms of its policies, and the additions to policy reserves of \$12,942,345 shown on the accompanying statement of operations are a proper charge to operations for the year ended December 31, 1975.

January 19th, 1976.

H. I. McINTOSH, F.S.A., F.C.I.A.,  
*Vice-President and Actuary*

# SUMMARY OF OPERATIONS

## THE SOURCES OF INCOME WERE:

FOR YEAR ENDED DECEMBER 31  
**1975**                      **1974**

FOR COMPARISON

### Premiums:

|                            |                     |              |
|----------------------------|---------------------|--------------|
| Insurance . . . . .        | <b>\$13,952,684</b> | \$12,752,700 |
| Annuity . . . . .          | <b>8,242,626</b>    | 2,967,174    |
| Health . . . . .           | <b>2,555,497</b>    | 1,905,645    |
| Segregated Funds . . . . . | <b>1,774,175</b>    | 1,959,717    |
|                            | <b>26,524,982</b>   | 19,585,236   |

### Earnings from investments after investment expenses

|   |                          |                          |
|---|--------------------------|--------------------------|
| Insurance, annuity and health . . . . . | <b>8,182,316</b>         | 7,059,689                |
| Segregated funds . . . . .              | <b>274,890</b>           | 180,509                  |
|   | <b><u>34,982,188</u></b> | <b><u>26,825,434</u></b> |

## THIS INCOME WAS USED FOR:

### Payments to policyowners and beneficiaries:

|  |                  |           |
|--|------------------|-----------|
| Death and Disability benefits . . . . .          | <b>4,667,788</b> | 3,710,245 |
| Matured endowments and cash values . . . . .     | <b>2,883,981</b> | 2,473,064 |
| Annuity and settlement option payments . . . . . | <b>1,040,370</b> | 926,430   |
| Interest on policyowners' funds . . . . .        | <b>189,637</b>   | 171,921   |
| Health Insurance benefits . . . . .              | <b>1,933,349</b> | 1,635,825 |
| Benefits paid from Segregated Funds . . . . .    | <b>535,230</b>   | 182,235   |

### Additions to policy reserves to provide for future payments . . . . .

**12,942,345**                      5,986,668

### Net realized and unrealized capital (gains) or losses on Segregated Funds . . . . .

**(324,377)**                      860,730

### Increase in Segregated Funds . . . . .

**1,838,212**                      1,097,261

### Operating expenses:

|   |                          |                          |
|---|--------------------------|--------------------------|
| Compensation for sales and field service to policyowners . . . . .            | <b>2,587,647</b>         | 2,606,385                |
| Service to policyowners at Head Office and branches . . . . .                 | <b>3,527,109</b>         | 3,150,314                |
| Investment income tax, premium and municipal taxes and licence fees . . . . . | <b>762,062</b>           | 489,523                  |
|   | <b><u>32,583,353</u></b> | <b><u>23,290,601</u></b> |

### Net adjustment in asset values . . . . .

**94,318**                      64,457

### Dividends to policyowners in year . . . . .

**2,024,456**                      1,742,226

### Increase in provision for next year's dividends to policyowners . . . . .

**174,000**                      241,500

### Income tax on earnings . . . . .

**—**                      145,000

### Increase in Investment Reserve . . . . .

**52,160**                      1,298,889

### Increase in Unassigned Surplus . . . . .

**53,901**                      42,761

**\$34,982,188**                      **\$26,825,434**

# STATEMENT OF - ASSETS

| THE COMPANY HAS THESE ASSETS TO MEET ITS<br>OBLIGATIONS TO POLICYOWNERS:   | AT DECEMBER 31       |                      |
|--|----------------------|----------------------|
|  | 1975                 | 1974                 |
|  | FOR COMPARISON       |                      |
| BONDS . . . . .  | \$ 32,785,859        | \$ 28,976,961        |
| STOCKS . . . . .   | 5,308,031            | 4,108,375            |
| MORTGAGES . . . . .  | 66,061,353           | 60,544,837           |
| REAL ESTATE . . . . .  | 3,028,413            | 3,062,920            |
| Head Office, income producing property less<br>mortgage indebtedness and investment in and<br>loans to real estate subsidiary.   |                      |                      |
| LOANS TO POLICYOWNERS . . . . .  | 8,188,502            | 7,418,680            |
| Fully secured by the cash value of policies of this<br>Company.  |                      |                      |
| CASH . . . . .   | 2,806,535            | 314,615              |
| PREMIUMS IN COURSE OF COLLECTION . . . . .   | 1,461,536            | 1,045,922            |
| Fully secured by policy reserves.  |                      |                      |
| INTEREST ACCRUED . . . . .   | 1,393,081            | 1,167,583            |
| Interest from last payment date to December 31   |                      |                      |
| SEGREGATED INVESTMENT FUNDS . . . . .  | 5,454,667            | 3,616,455            |
| Market value of the investments held in the funds  |                      |                      |
| OTHER ASSETS . . . . .   | 132,827              | 34,150               |
| <i>Bonds and stocks are shown at amortized cost and<br/>cost respectively, less certain write-downs, but, in<br/>the aggregate, exceed the maximum values allowed<br/>by the Canadian and British Insurance Companies<br/>Act by approximately \$2,458,000 against which<br/>the Company carries an investment reserve of<br/>\$4,500,000.</i> |                      |                      |
|  | <u>\$126,620,804</u> | <u>\$110,290,498</u> |

H. E. POWER, *Chairman of the Board*



## - LIABILITIES AND SURPLUS

THE OBLIGATIONS OF THE COMPANY ARE:

AT DECEMBER 31

**1975**

**1974**

FOR COMPARISON

|  |                             |                             |
|--|-----------------------------|-----------------------------|
| POLICY RESERVES . . . . .  | <b>\$101,606,099</b>        | \$ 88,663,754               |
| This amount, with future premiums and interest earnings, provides for the payment of the benefits guaranteed by the Company's policies                                     |                             |                             |
| POLICYOWNERS' FUNDS . . . . .  | <b>4,851,923</b>            | 4,077,624                   |
| Policy proceeds left on deposit, dividends left to accumulate, policy benefits in process of payment, premiums received in advance and other policy-owners' funds          |                             |                             |
| POLICYOWNERS' DIVIDENDS . . . . .  | <b>2,308,500</b>            | 2,134,500                   |
| Provision for dividends payable in 1976  |                             |                             |
| RESERVE FOR UNREPORTED CLAIMS . . . . .  | <b>1,609,772</b>            | 1,205,536                   |
| An estimate of claims which may have occurred but have not yet been reported to the Company  |                             |                             |
| TAXES AND EXPENSES DUE AND ACCRUED . . . . .   | <b>522,238</b>              | 492,609                     |
| Includes the balance of premium tax payable for the year.  |                             |                             |
| SEGREGATED INVESTMENT FUNDS . . . . .  | <b>5,454,667</b>            | 3,616,455                   |
| Contracts under which the benefits are determined by the market value of the securities, the obligation therefore being equal to the market value as carried in the assets |                             |                             |
| OTHER LIABILITIES . . . . .  | <b>711,384</b>              | 649,860                     |
| Includes unallocated receipts and mortgagors' tax prepayments  |                             |                             |
| Total obligations  | <b>117,064,583</b>          | 100,840,338                 |
| INVESTMENT RESERVE . . . . .   | <b>4,500,000</b>            | 4,447,840                   |
| Protection against fluctuation in the value of the assets  |                             |                             |
| UNASSIGNED SURPLUS . . . . .   | <b>5,056,221</b>            | 5,002,320                   |
| This provides additional security for policyowners and their beneficiaries and additional earning power for policyowners' dividends in future years                        |                             |                             |
|  | <b><u>\$126,620,804</u></b> | <b><u>\$110,290,498</u></b> |

T. R. SUTTIE, *President*

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## BRANCH OFFICES

---

*Branch                      Manager*

**CALGARY**

R. A. RAMSDEN, C.L.U.

**EDMONTON**

D. M. LILLYCROP, C.L.U.

**HAMILTON**

T. E. GOODING, C.L.U.

**KELOWNA**

H. V. WILLIAMS, C.L.U.

**KITCHENER**

P. A. S. LYON

D. F. ROBERTS, *Ass't. Mgr.*

**LONDON**

H. J. ROSE

**MONTREAL**

M. A. TURGEON, C.L.U.

**OSHAWA**

K. H. QUINN

**OTTAWA**

**REGINA**

J. J. McGEADY

*Group Office*

**CALGARY**

F. H. SCHNEIDER

*Branch                      Manager*

**ST. CATHARINES**

S. B. KELLY, C.L.U.

P. W. ENGS, C.L.U., *Assoc. Mgr.*

**TORONTO**

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M. J. KATZMAN, C.L.U.

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I. DRUTZ, C.L.U.

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B. H. MELICK

**VANCOUVER**

256 - 409 Granville Street

K. O. HOPKINSON

777 Hornby Street

R. K. PETRIE, C.L.U.

**VICTORIA**

NORTHWESTERN INSURANCE  
AGENCIES LTD.

**WATERLOO**

E. F. GOMAN, C.L.U.

**WINDSOR**

P. S. REID, C.L.U.

**WINNIPEG**

P. S. TAYLOR, C.A., C.L.U.

*Group Office*

**WATERLOO**

D. J. MULLIGAN

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## MORTGAGE LOAN OFFICES

---

**LONDON**

A. E. ELMSLIE, A.A.C.I.

*Manager*

**OTTAWA**

R. W. HILL

*Manager*

**TORONTO**

W. KOMPA, S.R.A.

*Representative*

**WATERLOO**

R. NOBLE, A.A.C.I.

*Manager*



The **EQUITABLE LIFE** insurance company  
**OF CANADA**

HEAD OFFICE - WATERLOO, ONTARIO